



TREASURY DEPARTMENT

BUREAU OF THE MINT

Washington, Sept. 23, 1899.

J. C. Burroughs,

Kalamazoo, Michigan.

Sir:

The present standard of value of this country is defined by Section 14 of the act of 1873, reading as follows: "That the standard coin of the United States shall be a one dollar piece, which shall contain .906 grains of gold, and .093 grains of silver, and the standard weight of 25.8 grains shall be the unit of value, and .8 grains, 9/10 fine, called the dollar, is made the unit of coinage." That is to say, gold is made the standard of value, and .8 grains, 9/10 fine, called the dollar, is made the unit of coinage. The act of 1873, which was a comprehensive one, codifying laws upon coinage, names no other standard, or unit, and the above provision is the only one on the Statute books today which directly and explicitly provides a standard of value. The original coinage act of 1792 was plainly designed to establish, not two standards, but one joint standard composed of two metals. It provided that the unit should be ~~xxxix~~ called the dollar, and then the amount of each metal to which the term dollar should apply, arranging the weight of the gold and silver coins so that a given sum in one metal would be equivalent to the same sum in the other metal.

In a short time the gold and silver coins ceased to be of equal value and gold passed out of use as the standard, silver

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becoming the single standard of value, remaining such until 1834, when Congress made another effort to establish a joint standard reducing the weight of the gold coins. This was another failure, silver now passing out of use and gold becoming the single standard, remaining such until the present time, unless we except the paper money period during and following the War, when paper money was the nominal measure of value, although the price of commodities followed more or less accurately the value of gold.

The point I wish to make concerning the legislation of this period is, that Congress was striving, vainly as events proved, to establish not a double standard but a single standard composed of the two metals held at a fixed valuation to each other. The attempt was a failure, demonstrating again what has been proved in the experience of every nation, that the metals cannot be held in fixed relations under free coinage to both. Ex-Congressman D. K. Watson of Ohio has recently written a book, published by Putnam Sons, entitled, "History of American Coinage" which gives quite fully the details of this legislation, including quotations from Committee reports and speeches in Congress.

The act of 1873 established the single gold standard clearly and definitely. In 1878 and in 1890, were passed the acts which furnish the only support for the contention that silver is yet a standard of value. In this legislation, Congress evidently intended to make another effort to establish a joint standard, but warned by the experience of the past, did not venture to open the mints to

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free coinage of silver. When the act of 1878 was passed, the bullion value of the silver dollar was about ninety cents. It was the hope of many supporters of the measure that the new demand for silver thus created would raise the value of silver so that the old parity would be reestablished. Section 2 of the act reveals its purpose by providing for an international Conference for the purpose of "securing a fixity of relative value between these metals." This aspect, however, does not refer to silver as the standard metal or call the silver dollar a standard coin. The act of 1890 was inspired by the same hope, viz: that the largely increased demand for silver might raise the value of the metal so that the bullion value of the silver dollar would equal the bullion value of the gold dollar and re-establish a joint standard. This act refers to the coin as "standard silver dollar" The question, what is the standard of value? is, however a practical one and is answered by turning to the markets. Since the first day of January, 1879, the term "dollar" has unquestionably signified the value of 25.8 grains of gold, $\frac{9}{10}$ fine, and had no other significance as a measure of value. A coin that is in reality a standard coin, always passes at the value of its own contents and not at the value of some other form of money. The so-called standard silver dollar, as established under the acts of 1878 and 1890 has never passed at its own value, but has been mere token coin, pointing to and passing at the value of the gold dollar.

Another fact of significance is the provision of Section 12

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act of July 12th, 1882, which provides that the Treasury reserve shall consist of 100 millions of gold, with no provision for a reserve in silver. This can be interpreted as meaning nothing less than a recognition by Congress, that gold was our standard and that to maintain the standard a reserve in that metal was necessary.

I hope these few suggestions may be of value to you and if can be of any further service, I trust you will command me.

Very truly yours,

Geo E Roberts

Director of the Mint.

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Washington,

Sept. 23, 1899.

Mr. J. C. Burroughs,
Kalamazoo, Michigan.

Dear Sir:

The present standard of value of this country is defined by Section 14 of the act of 1873, reading as follows: "That the gold coins of the United States shall be a one dollar piece, which at the standard weight of 25.8 grains shall be the unit of value, [and]" That is to say, gold is made the standard of value, and 25.8 grains, 9/10 fine, called the dollar, is made the unit of communication. The act of 1873, which was a comprehensive one, codifying the laws upon coinage, names no other standard, or unit, and the above provision is the only one on the Statute books today which directly and explicitly provides a standard of value. The original coinage act of 1792 was plainly designed to establish, not two standards, but one joint standard composed of two metals. It provided that the unit should be called the dollar, and then the amount of each metal to which the term dollar should apply, arranging the unit of the gold and silver coins so that a given sum in one metal would be equivalent to the same sum in the other metal.

In a short time the gold and silver coins ceased to be of the same value, and gold passed out of use as the standard, silver becoming the single standard of value, remaining such until 1834, when Congress made another effort to establish a joint standard by reducing the weight of the gold coins. This was another failure, silver now passing out of use and gold becoming the single standard remaining such until the present time, unless we except the paper money period during and following the War, when paper money was the nominal measure of value, although the price of commodities followed more or less accurately the value of gold.

The point I wish to make concerning the legislation of this period is, that Congress was striving, vainly as events proved, to establish not a double standard but a single standard composed of the two metals held at a fixed valuation to each other. The attempt was a failure, demonstrating again what has been proved in the experience of every nation, that the metals cannot be held in fixed relations under free coinage to both. Ex-Congressman D. K. Watson of Ohio has recently written a book, published by Putnam Sons, entitled, "History of American Coinage" which gives quite fully the details of this legislation, including quotations from Committee reports and speeches in Congress.

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Another fact of significance is the provision of Section 12 of the act of July 12th, 1882, which provides that the Treasury reserve shall consist of 100 millions of gold, with no provision for a reserve in silver. This can be interpreted as meaning nothing less than a recognition by Congress, that gold was our standard and that to maintain the standard a reserve in that metal was necessary.

I hope these few suggestions may be of value to you and if I can be of any further service, I trust you will commend me.

Very truly yours,
[Signature] George E. Roberts
Director of the Mint.